

**REVELSTOKE COMPANIES LTD.
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**

For the Six Months Ended June 30.

	1976	1975
	(000's)	
Source of Funds		
Net Earnings for the Period	\$ 1,709	\$ 526
Depreciation and Depletion	843	662
Deferred Tax	58	150
Gain on Disposal of Fixed Assets	(40)	(44)
Other	34	5
Funds from Operations	2,604	1,299
Proceeds on Disposal of Fixed Assets	63	66
Shares Issued	126	—
	<u>2,793</u>	<u>1,365</u>
Application of Funds		
Fixed Assets	867	429
Purchase of Preference Shares	37	18
Dividends	302	254
Acquisition of Portion of Minority Interest in Subsidiary Company	126	—
Acquisition of Subsidiary Company (Less working capital at date of acquisition)	336	—
	<u>1,668</u>	<u>701</u>
Increase in Working Capital	1,125	664
Working Capital at Beginning of Period	16,126	10,131
Working Capital at End of Period	<u>\$17,251</u>	<u>\$10,795</u>

**REVELSTOKE COMPANIES LTD.
CONSOLIDATED BALANCE SHEET CONDENSED**

	1976	1975
	JUNE 30	
ASSETS		
Current	\$59,940	\$36,596
Property and Equipment (Net of accumulated depreciation and depletion)	17,455	14,303
Goodwill, less amortization	480	—
	<u>\$77,875</u>	<u>\$50,899</u>
LIABILITIES and SHAREHOLDERS' EQUITY		
Current	\$42,689	\$25,802
Long Term Debt	9,258	3,028
Deferred Income Taxes	1,867	1,685
Minority Interest	431	77
Shareholders' Equity	54,245	30,592
	<u>23,630</u>	<u>20,307</u>
	<u>\$77,875</u>	<u>\$50,899</u>

The above statements are unaudited.


**REVELSTOKE
COMPANIES LTD.**
**INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS
ENDED JUNE 30, 1976**

TO THE SHAREHOLDERS:

Revelstoke's sales in the first six months of 1976 increased 65.3% to \$61,277,000 compared with \$37,074,000 for the same period in the prior year. Net earnings amounted to \$1,709,000 or \$0.42 per common share for the first half of 1976 in comparison with \$526,000 or \$0.12 per share in 1975. On an annualized basis, earnings per share for the 12 months ending June 30, 1976 amounted to \$0.93 compared with \$0.58 per share for the similar 12 month period ending June 30, 1975.

Both the Retail and Concrete Divisions had a substantial increase in sales in the first six months of 1976 with the Company's majority position in Eccott Building Supplies Ltd. being included in this year's figures for the Retail Division. Earnings in these two Divisions were positively affected by the additional volume of business and compare favourably with 1975.

The most significant factor, however, affecting the Company's performance has been the turnaround of the Lumber Division which in the first six months of this year has recovered to a break even position as opposed to experiencing substantial losses last year. With the Company's largest mill now operating profitably, it appears likely that the Lumber Division will at least break even during the remainder of 1976. While lumber prices declined in the second quarter, they have improved in July and August.

At the Annual Meeting held on May 27, the Company's shareholders voted to split the common shares two for one and the shares began trading on a split basis on the Toronto Stock Exchange during the first week in July. There are currently 3,891,462 common shares outstanding.

On August 19, the Directors of the Company declared a semi annual dividend of \$0.0625 per common share payable on October 1, 1976 to all shareholders of record on September 15, 1976. This brings the total dividends paid in 1976 to \$0.125 per common share in comparison with \$0.10 per share paid in 1975.

Until the latest proposed changes to the Anti-Inflation Board's regulations become finalized, it is impossible to determine the exact impact of this legislation upon Revelstoke. In the meantime the Company is strictly adhering to the price and margin guidelines originally announced by the Board. Revelstoke's dividends are also restricted by these regulations.

The outlook is excellent for all the Company's operations for the remainder of the year, especially in the prairie provinces. However, management is concerned as to the detrimental impact of the proposed changes in the government's Anti-Inflation Program upon Canada's long-term economic performance.

REVELSTOKE COMPANIES LTD. CONSOLIDATED STATEMENT OF EARNINGS (Subject to Audit & Year End Adjustments)

	Six Months Ended		Twelve Months Ended	
	June 30 1976	June 30 1975	June 30 1976	June 30 1975
(000's)				
Sales — Retail Division	\$ 47,613	\$ 28,018	\$ 89,440	\$ 62,801
— Concrete Division	8,208	6,537	20,922	15,887
— Lumber Division	5,456	2,519	7,145	5,320
Total	61,277	37,074	117,507	84,008
Costs and Expenses				
Cost of Sales, Selling,				
General & Administration	55,725	34,504	107,067	76,266
Depreciation & Depletion	843	662	1,546	1,474
Interest				
(Long Term 1976 — \$529, \$713				
1975 — \$182, \$335)	1,475	900	2,551	2,146
	58,043	36,066	111,164	79,886
Gain on Disposal of Fixed Assets	3,234	1,008	6,343	4,122
Income Taxes	40	44	579	543
Earnings before Minority Interest	3,274	1,052	6,922	4,665
Minority Interest	1,535	521	3,143	2,308
Net Earnings for the Period	1,739	531	3,779	2,537
	30	5	65	24
Earnings per Share	\$ 1,709	\$ 526	\$ 3,714	\$ 2,333
Basic	\$0.42	\$0.12	\$0.93	\$0.58
Diluted	\$0.42	\$0.12	\$0.91	\$0.57

1975 earnings per share figures are restated to reflect the recent two for one stock split.

August 19, 1976

Steele Curry
STEELE CURRY
President